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DIARY NOTES

DD/S

*[Handwritten signature]*

3 December 1963

1. At the Executive Committee Meeting this morning:

a. John Bross announced that M [redacted] now with the Joint Chiefs of Staff and highly recommended by [redacted], would join his staff in January.

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b. Dick Helms announced that McGeorge Bundy had chosen [redacted] as [redacted] replacement at the White House.

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c. There was considerable discussion of the budget situation. General Carter led off by warning everyone that the Fiscal Year 1964 and 1965 budget situation would be much rougher than anything we had seen in the past and that we should all prepare ourselves for a thorough working over. Mr. McCone then picked up this subject and said that the Federal expenditures for Fiscal Year 1963 were about \$98.5 billion. The Fiscal Year 1965 budget as it now stands is about \$105 billion. Mr. Kennedy probably would have reduced this to about \$100 billion. Mr. McCone felt that President Johnson intends to cut it back to about \$98.5 billion, the 1963 level. The Director went on to say that this does not trouble him too much because he thinks the CIA budget has gotten out of hand; that he believes in today's world where war does not appear imminent that we do not require the everlasting expansion upon which we seem to be embarked. He said that he had talked with President Johnson five times since he became President and on each occasion had been given a speech about economy. (President Kennedy never did.) The Director said that he felt he had received a lot of double talk about the communications situation. He had understood that two-thirds of what we were doing was for someone else, and now he received a paper which tells him that this is not true. He believes that we do not have a requirement for growth from 280 million word groups in 1960 to 930 million word groups in 1965. He said that Chiefs of Station send far too much to headquarters and specifically criticized the length of the messages received from [redacted] during the [redacted] situation. Returning more specifically to the budget, he said that the very best we could hope for in Fiscal Year 1965 was the Fiscal Year 1964 level as now in our Congressional budget and thought that we should be prepared to go back to the Fiscal Year 1963 level. He said that the President had instructed Secretary McNamara in his presence to ensure that every officer in the armed services was rated on his

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ability to effect economy. Mr. McCone then instructed General Carter to do the same in this Agency. He went on to say that he wanted every project, program, and installation at home and abroad gone over with a fine-tooth comb to see if curtailment or elimination in part or total is in order. He said that he intended to write to the Secretary of Defense today urging him to use the facilities of this Agency to the maximum and also to say that, if there are some things which they can do better than we, they should take them over. (He mentioned our paramilitary activities as a possibility.) He also said that he envisaged the Bureau of the Budget growing in stature and having much greater power than they have had in the past several years. The outflow of gold is of course a contributing problem. The Director directed [REDACTED] to look into the NSA problem since he is concerned about the large backlog of unprocessed material in the hands of NSA and seems to feel that our collecting apparatus is already too big for the processing machinery. He also instructed John Bross to look into the Intelligence Community as a whole to see what reductions might be made, etc.

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2. [REDACTED] left word that he was holding up the AmComLib pay raise paper since he does not believe that a pay raise is now in order. (As far as I can see, this is his and Mr. Kirkpatrick's responsibility.)

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3. I visited with [REDACTED] Chief of Station, [REDACTED]. We discussed the [REDACTED] situation which [REDACTED] and I discussed only a few days ago. Ed is very much aware of this and believes that all action necessary to correct an admittedly undesirable situation has been taken or is in progress. He also agreed with me that the [REDACTED] station does not need both [REDACTED] and he was prepared not to replace [REDACTED].

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4. I approved of the release of \$560 from the Central Club Fund for use in connection with Agency Christmas decorations.

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5. Emmett Echols is departing for [REDACTED] tomorrow to look over the premium pay situation. I emphasized to Emmett that I intended to submit this matter to the Office of the Director sometime shortly after his return, regardless of what he finds out.

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6. Bob Fuchs reported that [REDACTED] might be interested in being the Deputy Director of Finance and that he would be coming to see me. I approved of changing the name of the Technical Accounting Staff in the Office of Finance to the Policy and Systems Staff.

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7. General Carter telephoned regarding the following:

a. He said that he had asked the Office of Training to come up with an abbreviated Project [REDACTED] of two to three days' duration which could be run several times a year for the Defense Intelligence Agency and other Department of Defense employees. He wondered where it was. Upon investigation I found, and General Carter later agreed, that he had actually levied this requirement on the War Plans Staff. He changed his mind, however, and has now levied it on the Office of Training. (I have given Matt Baird until noon on Friday, 6 December, to come up with the plan.)

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[REDACTED]

c. He advised me that he understood that [REDACTED] was leaving the Agency and asked me to find out why. (On 4 December I talked to Phil, who said that he had been scheduled to retire on 30 June 1963 but at the request of [REDACTED] had agreed to stay for a few more months. He now plans to retire in about April 1964. He has acquired a home in Vermont and his retirement is definitely voluntary. As a matter of fact, I think that he would resist staying on any longer. I advised [REDACTED] of this and asked him to pass it along to General Carter.)

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8. [REDACTED] called to report that the Office of Logistics had given both [REDACTED] contractual authority to proceed with the work I telephoned about yesterday. (I advised [REDACTED] of this action.)

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9. Bob Bannerman was in to discuss several items:

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[REDACTED]

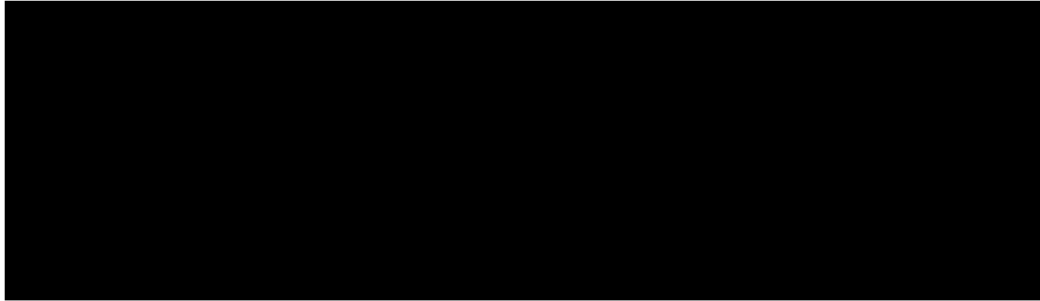
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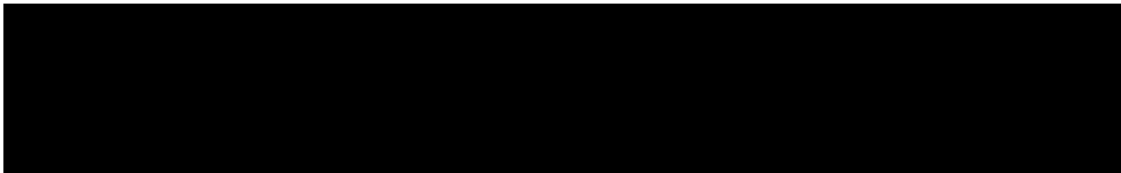
b. Bob advised me that Bud Wheelon had requested a monitoring instrument for his telephone and that Bob had declined to install it. I approved of his action and said that, if Bud really needed this, we could take it up as a policy matter.

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c. Bob reported that [REDACTED] had recently turned over to [REDACTED] a number of classified papers. Jim said that he had the authority of the Director to do this. He is, however, furnishing Bob with a list of all such papers. (We may have a policy problem involved here also.)

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11. [REDACTED] telephoned to say that the Director was going to have a party for about thirty couples. He sought my assistance as to who in DD/S should be included in addition to the Whites and the Lloyds. I said that I thought Bob Bannerman had probably had more contact with the Director than anyone else and that [REDACTED] and Dr. Tietjen would follow close behind. I also said, however, that I hoped the other DD/S Office Heads--namely, Fuchs, Baird, Echols, and Garrison--could also be invited.

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